



# CALPEEK

## CALIFORNIA POLITICAL WEEK

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VOL. XXIV  
No. 23

JUNE 17, 2002

### **WAR ON TERROR: BUSH BORROWS DEMO IDEA TO MAKE HOMELAND SECURITY INTO CABINET POST.**

Editor's note: Just as the political water was beginning to reach boiling point, Pres. George W. Bush did what most Demos and some GOPers had been urging him to do for months: make Gov. Tom Ridge the Secretary of Homeland Security – a cabinet post with nearly *170,000* employees and budget of *\$37.5 billion*. Lots of politics involved. Here is our analysis & commentary...

... The Bush idea to reorganize the federal government to get a better handle to fight terrorism was borrowed from legislation (*SB 2452*) introduced last month (5/2/02) by U.S. Senators Joe Lieberman(D), Bob Graham(D) and Arlen Specter(R). Similar legislation was being pushed in the U.S. House by Calif. Reps. Jane Harman(D) and Ellen Tauscher(D), among others...

... Ever since 9-11, Pres. Bush has resisted the idea of forming a separate cabinet post for Homeland Security. But in the last 3-4 weeks a series of embarrassing news stories caused Bush to *flip-flop*. Those news stories had to do with the President's Aug. 7, 2001 security briefing (told about the possibility of a terrorist plot to hijack airliners); and the FBI vs. CIA mistakes – especially the FBI blunders exposed by whistle-blower Colleen Rowley. With tons of news media "*connecting the dots*" to all the clues prior to 9-11, it's no wonder the pressure was building for a dramatic reversal by the White House...

... *Calpeek* sources believe the White House action was very smart from a political point of view. The FBI vs. CIA mess was becoming politically untenable and sooner or later voters would have gotten the idea that "everything *wasn't* under control." That's something that Pres. Bush, VP Dick Cheney and political director Karl Rove couldn't tolerate. The timing was good too: the story broke on the same day that Rowley and FBI Director Robert Muller were on the Hill giving testimony. The Homeland Security Cabinet post story got bigger headlines...

... And there's another big political plus for the Bush White

House with the Homeland Security Dept.(HSD): come the fall when Pres. Bush is out on the campaign trail, he'd much rather be talking about terrorism and Homeland Security than protecting social security and dealing with runaway cost of prescription drugs for seniors...

... Putting all the pieces together will be the toughest part. Demo Jane Harman had the best one liner here: "*The war on terror has expanded to the war on turf.*" And in fact the devil is in the details. Problem #1: will Bush's plan be revenue neutral? or another budget buster? GOPers hate "big government." Problem #2: which Congressional committees will have jurisdiction (turf wars)? Problem #3: will Congress be able to move this bill before the Nov. 5<sup>th</sup> elections? Sources say the White House has not yet sent their plan to the Hill and Congress will be on vacation in August. Not much time to act. Stay tuned...

### **CAMPAIGN 2002: GOV. DAVIS GOES ON THE ATTACK AGAINST SIMON OVER CALIF. S&L FAILURE IN 1993.**

Editor's note: Calif. Gov. Gray Davis(D) may have some high negatives, but by the time he's finished with this first flight of negative tv ads he hopes that GOP gubernatorial rival Bill Simon has high negatives too. Independent private polling shows the Davis-Simon contest to be very close – perhaps too close for *Team Davis*, which is why they are in an attack mode. Here's our analysis & commentary...

... After just 5-6 days of running positive tv ads touting his accomplishments during his first 3 ½ years in office, Gov. Davis' campaign unleashed the first of what is expected to be a series of negative tv ads aimed at his Republican challenger. This first hit ad is called, "*Mistakes.*" The focus of this :30-sec. tv spot is the 1993 collapse and U.S. takeover of Western Federal S&L, based in Marina del Rey. The Simon family bought this S&L in 1988 and Bill Simon Jr. was on the BoD. The collapse cost the Simon family some \$40 million, but it cost the taxpayers \$92 million (the bailout). The subject of Simon and this S&L failure isn't breaking any new ground. Richard Riordan used this same S&L topic in a negative ad during the closing days of the GOP Mar. 5<sup>th</sup> primary...

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... The official response from the Simon campaign is that "this attack is a rerun of the discredited ads the Riordan campaign ran against me in the primary." Simon says the hit ad is an attempt to deflect attention away from Davis' "own incompetence and corrupt administration of Calif. by attacking me today on my record as a successful businessman." FYI: Simon's response in the *L.A. Times* was that he was only a Board member – and board members don't run the company...

... But Davis sr. political advisor Garry South says if Simon runs around accusing the Governor of mismanaging the State, "we think the voters have a right to know about his own record of gross mismanagement in the private sector."...

... So why isn't *Team Davis* hitting Simon on things like guns or abortion? Although voters still don't know all that much about Simon, they do know he's a *conservative* (his own tv ad touted "I'm a proud conservative") and thus they assume he's pro-gun and anti-abortion. About Simon's private sector dealings, voters know very little. And since Simon still refuses to release his income tax records voters have no idea of what his sources of income actually are. *Team Davis* and others suspect that Simon has considerable income from the State of New Jersey, but that's just a guess...

... FYI: Sources say by the time Davis' first flight of tv ads is over, the campaign will have spent about **\$5 million**. The ads are running in the L.A., Central Valley and Sacto media markets. And sources say Davis will still have **\$30 million** cash on hand by the June 30<sup>th</sup> cutoff date for campaign reports – even with this big tv buy. The negative ads certainly box Simon into a corner and if he doesn't respond Davis may end up defining Simon. On the other hand, if Simon goes up with a tv buy to counter Davis he might end up spending most or all of the money he's raised thus far. Of course he could always dip into his own deep pockets. Perhaps that's the Davis strategy: make Simon spend his own money. Stay tuned...

#### **SOME INFO YOU NEED TO KNOW ABOUT CALPEEK.**

Here is some helpful information about **Calpeek** that you may need to know. Deadlines for news and Marketplace Network: 12 noon each Wednesday. **Calpeek** is printed and mailed each Thursday. Our fax is (310)657-4340; e-mail [calpeek@aol.com](mailto:calpeek@aol.com). **Calpeek** does NOT make refunds on cancellations...

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#### **ANOTHER PARSKYWATCH UPDATE: PARSKY, BOXER AND FEINSTEIN SUED BY U.S. JUSTICE FOUNDATION.**

Editor's note: As has been noted by **Calpeek** in our previous updates about *Parskywatch*, anytime there's bad news about Pres. George W. Bush's Calif. go-to guy Gerald Parsky, you can bet your first born that *Parskywatch* and/or embattled CRP Chair Shawn Steel will make sure all CRP central cmt. members and Calif. conservatives get wind of latest bad news about Parsky. That's SOP for conservatives who are engaged in a cyber war against Parsky – the guy who engineered the Calif. Republican Party by-laws reforms which stripped Steel of some of his power. Here's our analysis..

... On June 7<sup>th</sup> the Escondido-based U.S. Justice Foundation filed a lawsuit against Parsky and CA Demo U.S. Senators Barbara Boxer and Dianne Feinstein – the key supporters of the so-called Parsky Commission. The lawsuit was filed on behalf of Patrick Manshardt, an attorney who up for the post of U.S. Attorney, but was "tubed" by the Parsky Commission. The Parsky Commission pre-screens potential federal judges and other DOJ hopefuls before Pres. Bush actually nominates these individuals...

... The USJF lawsuit says that the Parsky Commission violates the Federal Advisory Committee Act (FACA). This 1972 law requires that the operations of "any committee, task force, commission, panel, etc. that has at least one member who is not a government worker, must be open to the public." *Parskywatch* says that the commission's meeting are held in secret – they characterize the meetings as "medieval, Star Chamber" events...

... FYI: Sources tell **Calpeek** that CA GOP Committee-woman Barbara Alby has replaced Steel on the RNC's executive committee. Did this have anything to do with the feud between Steel and Parsky? **Calpeek** sources say YES. Was the Bush White House instrumental in this switch? Again, our sources say YES...

... ***Who's Behind Parskywatch: cast your vote w/Calpeek.*** Next week we'll round up the list of usual suspects who **Calpeek** readers think are behind *Parskywatch*. Send your email nominations to [Calpeek@aol.com](mailto:Calpeek@aol.com) - and use Parskywatch in the subject box of your email. **Calpeek** will keep all email responses confidential. A **sneak preview**: This email says, "I believe it is either Shawn Steel (and if so, bravo) or it is a Democratic mole who is trying to divide the Calif. Republican Party even more than it is already." Interesting. No doubt about it: *Parskywatch* is the best kept secret since *Deep Throat*. Stay tuned...

**ENERGY & POLITICS: ORACLE VS. ENRON & PEROT.**

Editor's note: As the CA Legislature's Joint Audit Cmt.'s probe of the Oracle software fiasco winds down, the State Senate's *Select Cmt. on Price Manipulation of the Electricity Market* is just now hitting its stride. Here is *Calpeek's* analysis & commentary...

...The recent news that Perot Systems energy services unit may have been involved in helping power companies manipulate Calif.'s *deregulated* energy market was front page news across the U.S. The allegations have been denied by Ross Perot and he's due to testify in person before CA State Sen. Joe Dunn's Select Cmt. on June 20<sup>th</sup>. It will be a news media circus. If Dunn gets high marks for his handling of this investigation, and as of now he scores an A+, sources say he'd be in a prime position to run for AG in 2006...

...And least anyone forget, it was also Dunn's panel which went after Enron – demanding that the Houston-based energy firm turn over documents for inspection. As we now know, Enron's memos on how to manipulate Calif.'s energy market made a huge media splash. *A real conspiracy...*

...In contrast, the CA Legislature's Joint Audit Cmt.'s investigation into a \$95 million software deal between the State and Oracle turned out to be just bad deal put together by Information Technology Dept. bureaucrats who simply weren't as sharp as the pros they were dealing with. The only thing which made this Oracle brouhaha look sexy for a short time was the fact that Gov. Gray Davis had taken a \$25,000 contribution from Oracle (which he has now returned) and four of his appointees were forced to resign...

...Otherwise this was the 5<sup>th</sup> or 6<sup>th</sup> "mess" involving the I-T Dept over the last 20 years. And while sources say JAC chair Assemblyman Dean Florez(D-Bakersfield) is bright and hard working, he's also young and doesn't have Dunn's considerable legal experience. Thus far Florez has not received high marks chairing this investigation. As a source told *Calpeek*, "If there had been someone chairing the JAC with more experience then its likely that person would have realized there was no conspiracy." Still, Florez has scored some good headlines, but some wonder if he'll end up like Sen. Jackie Speier(D-San Mateo), who lost her statewide luster over her handling of the Quackenbush investigation...

...Back to Dunn and Perot. What Dunn's committee will be questioning Perot about is a 44-page document prepared by his company that describes how to manipulate Calif.'s electricity market. Dunn found the Perot document while

digging through materials turned over to the committee by Reliant Energy Co. What makes this part of the probe so relevant to Calif.'s claim of market manipulation is that Perot Systems Corp. designed the computer software for the Calif. Indep. System Operator and Power Exchange. Seems incredible that a company which was paid to design software for the CA ISO and PX would then turn around and market a document which tells the energy companies how to get around the system and make huge profits...

...FYI: Dunn and Florez are Demos and both face voters this year. And both lawmakers use the services of Sacto-based political consultant Richie Ross. Both Dunn and Florez are favored in their separate races. Stay tuned...

**CAMPAIGN 2002: THE DREAM OF A FEW OR A REAL DESIRE FOR HOLLYWOOD TO SPLIT FROM L.A. ???**

Editor's note: Next to the Calif. governor's race, the two ballot questions dealing with secession of the San Fernando Valley and Hollywood will probably be the most watched local initiatives in Calif. Of the two cityhood proposals, few really question the legitimacy of the secession movement in the Valley. But Hollywood? That's a totally different question. Here's our analysis & commentary about Hollywood cityhood...

...The vote to allow secession was 6-2, with L.A. Co. Sup. Yvonne Burke abstaining. The Local Agency Formation Commission's vote on Valley cityhood was 8-1. L.A. City Councilwoman Cindy Miscikowski voted NO twice...

...The one vote which might have long term political impact was that of L.A. Co. Sup. Zev Yaroslavsky. He voted to allow both the Valley and Hollywood on the ballot. Most sources agree with Yaroslavsky's call on the Valley, but his vote on Hollywood may come back to hurt him. A few sources see that vote as a slap at L.A. Mayor Jim Hahn and they say Yaroslavsky didn't have the guts to run for L.A. Mayor in 2001 and now wants to see Hahn take a fall. In other words, Zev's vote was a *digital salute* aimed at Hahn. FYI: other sources say Yaroslavsky wanted the issue on the ballot, but personally opposes the split between L.A. and Hollywood...

...Back to Hollywood. While the activists in charge of the Valley cityhood proposal (*Valley Vote*) have been working for a divorce since the mid-1990s, Hollywood's breakaway effort is very new – perhaps a year. That's certainly not enough time to build up a solid base of support needed from community and homeowner groups, let alone the business community within the proposed Hollywood boundaries. Instead, anti-secession sources see this *Hollywood divorce*



as an effort by a group of *wannabe* elected officials who have run for office before without success – such as night-club owner Gene La Pietra who ran unsuccessfully for the West Hollywood council in 1986. La Pietra doesn't try to hide the fact he wants to be Mayor of Hollywood...

...At least 7 different key neighborhood associations had asked LAFCO to omit their areas from the proposed Hollywood city boundaries, but they were turned down. L.A.'s Children's Hospital also wanted to be omitted, but no luck there either. These groups will undoubtedly form the core of *Hollywood and Los Angeles as One* (HALO), a group opposing the split ([www.hollywoodhalo.org](http://www.hollywoodhalo.org)). There is real anger among these groups who very much want to remain with L.A....

...FYI: a number of areas that Hollywood cityhood backers had wanted in their city were omitted by LAFCO, including the new *Grove* mall next to Farmers Market + the Beverly Center (and Beverly Connection). Without these big revenue generating areas, is it possible that if Hollywood wins cityhood they will turn their eyes toward their neighbors in *West Hollywood* – to try and annex the eastern portions of West Hollywood where a new shopping mall is going to be built (with *Best Buy*) + the old Warner Brothers studios on Santa Monica Boulevard (now called *The Lot*)??? Stay tuned...

#### **CALPEEK'S INFOBAHN: POLITICAL SHORT TAKES.**

Editor's note: Here are a few items, political & otherwise, worth noting...

■ ***EDVR Qualifies for November Ballot*** – No surprise here as the Election Day Voter Registration initiative has qualified the Nov. 5<sup>th</sup> Calif. ballot. The CA League of Women Voters (LWV) has endorsed EDVR – saying the initiative will increase turnout among eligible voters...

■ ***Legal Questions about Terror Suspects*** – Very interesting article by *L.A. Times* staffer David Savage in the 6/12 edition. It's about Jose Padilla – aka *Abdullah al Muhajir* – who is accused in the "dirty bomb plot." As the article notes, peace vs. war presents a very different set of legal questions. Padilla is being held as an "enemy belligerent." Civil libertarians are crying, hardliners are not sympathetic. Solution: put *Al Qaeda* and other terror groups on trial in front of a military tribunal, with the aim to prove that these groups are criminal organizations. Sound familiar? Remember the *Nuremberg War Crime Trials* following WWII? The allies did the same thing with the SS, SD, SA, Gestapo, the leadership corps of the Nazi Party – convicted these groups as criminal organizations

and thus membership was also a crime...

■ ***Pelosi vs. Frost*** – Lots of big ifs here, but if Demos should recapture the U.S. House and if current Demo U.S. House leader Dick Gephardt should run for President, then it's very possible that the battle to become the next House Speaker will be between Demo House Whip Nancy Pelosi of CA and Demo House Caucus Chair Martin Frost of Texas..

#### **CALPEEK'S NEW JOBS AND PERSONNEL NOTICES.**

Editor's note: Here are some items to mark down in your notebook...

● A sad note: former Federal Judge Laughlin E. Waters died of natural causes June 3<sup>rd</sup> in L.A. He was 87. Waters was elected to the CA Assembly in 1946; was named U.S. Atty. in 1953; and was chair of the CA Republican Party. Former Pres. Jerry Ford named Waters to the Federal bench in 1976. A good guy who will be missed. R.I.P...

● The L.A. Co. Federation of Labor has hired Barbara Dab as its new Communications Director. She is a former news director at KPFK Radio...

● The main civil courthouse at 1<sup>st</sup> and Hill streets in downtown L.A. has been named in honor of the late CA Supreme Court Justice Stanley Mosk...

● Gov. Davis has appointed L.A. Co. Sup. Don Knabe to the San Gabriel & Lower L.A. Rivers and Mountains Conservancy...

● L.A.-based Consensus Planning Group has hired Christopher Keough as a sr. associate. Prior to joining the firm, he was a reporter with the L.A. Business Journal...

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